

Amendments to Senate Bill No. 410
Reference Copy4.21-15Bill No. SB 410

For the Senate Free Conference Committee

Prepared by Jaret Coles
April 21, 2015 (11:06am)

1. Title, page 1, line 14.

Strike: "AN IMMEDIATE"**Insert:** "A DELAYED"**Strike:** "A RETROACTIVE"**Insert:** "AN"

2. Page 9, line 7.

Strike: "2015"**Insert:** "2016"

3. Page 9, line 8.

Strike: "2016"**Insert:** "2017"

4. Page 10, line 19.

Strike: "2015"**Insert:** "2016"

5. Page 10, line 20.

Strike: "2016"**Insert:** "2017"

6. Page 26, line 23.

Following: line 22

Insert: "COORDINATION SECTION. Section 29. Coordination instruction. If both Senate Bill No. 171 and [this act] are passed and approved and if [this act] contains a section that amends 15-30-2110 and Senate Bill No. 171 contains a section that repeals 15-30-2110, then [section 1] of Senate Bill No. 171 must be amended as follows:

"NEW SECTION. Section 1. Adjustments to federal taxable income to determine Montana taxable income. (1) The items in subsection (2) are added to and the items in subsection (3) are subtracted from federal taxable income to determine Montana taxable income.

(2) The following are added to federal taxable income:

(a) to the extent that it is not exempt from taxation by Montana under federal law, interest from obligations of a territory or another state or any political subdivision of a territory or another state and exempt-interest dividends attributable to that interest except to the extent already included in federal taxable income;

(b) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for a purpose other than an eligible medical expense or long-term care of the employee or account holder or a dependent of the employee or account holder;

(c) a nonqualified withdrawal from a family education savings account provided for in Title 15, chapter 62, to the extent that it was deducted from income in calculating Montana individual income taxes;

(d) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63, used for a purpose other than for eligible costs for the purchase of a single-family residence;

(e) an item of income, deduction, or expense to the extent that it was used to calculate federal taxable income if the item was also used to calculate a credit against a Montana income tax liability;

(f) a deduction or expense upon which a state tax credit is computed under 33-22-2006 to the extent that it was included as a deduction or expense in determining federal taxable income;

(g) a deduction for an income distribution from an estate or trust to a beneficiary that was included in the federal taxable income of an estate or trust in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661; and

(h) for a taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the Internal Revenue Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction claimed, not to exceed the amount required to reduce the federal itemized amount computed under section 161 of the Internal Revenue Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under section 63(c) of the Internal Revenue Code, 26 U.S.C. 63(c).

(3) To the extent they are included as income or gain or not already excluded as a deduction or expense in determining federal taxable income, the following are subtracted from federal taxable income:

(a) if exempt from taxation by Montana under federal law:

(i) interest from obligations of the United States government and exempt-interest dividends attributable to that interest; and

(ii) railroad retirement benefits;

(b) salary received from the armed forces by residents who entered into active duty from Montana and are serving on active duty in the regular armed forces;

(c) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a medical care savings account provided for in Title 15, chapter 61, and any withdrawal for payment of eligible medical expenses or for the long-term care of the employee or account holder or a dependent of the employee or account holder;

(d) interest and other income related to contributions that

were made prior to January 1, 2016, that are retained in a family education savings account provided for in Title 15, chapter 62, and any qualified withdrawal for payment of qualified higher education expenses;

(e) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a first-time home buyer savings account provided for in Title 15, chapter 63, and any withdrawal for payment of eligible costs for the first-time purchase of a single-family residence;

(f) a deduction for an income distribution from an estate or trust to a beneficiary in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to the additions and subtractions in subsections (2), ~~and (3)(a) through (3)(e), and (3)(g), and (3)(h); and~~

(g) for each taxpayer that has attained the age of 65, an additional subtraction of \$6,400; ~~and~~

(h) the amount of a scholarship to an eligible student by a student scholarship organization pursuant to [section 10 of Senate Bill No. 410].

(4) By November 1 of each year, the department shall multiply the subtraction from federal taxable income for a taxpayer that has attained the age of 65 contained in subsection (3)(g) by the inflation factor for that tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must be used as the basis for the subtraction from federal taxable income determined under subsection (3)(g).""

Renumber: subsequent sections

7. Page 26, line 28.

Strike: "on passage and approval"

Insert: "January 1, 2016"

8. Page 26, line 30 through page 27, line 1.

Strike: "Retroactive applicability"

Insert: "Applicability"

Strike: "retroactively, within the meaning of 1-2-109,"

Strike: "2014"

Insert: "2015"

9. Page 27, line 3.

Strike: "2021"

Insert: "2023"

- END -

Explanation - This amendment combines SB041013.ajc and SB041014.ajc

Amendments to Senate Bill No. 410
Reference Copy

For the Senate Free Conference Committee

Prepared by Jaret Coles
April 21, 2015 (9:50am)

1. Page 26, line 23.

Following: line 22

Insert: "COORDINATION SECTION. **Section 29. Coordination instruction.** If both Senate Bill No. 171 and [this act] are passed and approved and if [this act] contains a section that amends 15-30-2110 and Senate Bill No. 171 contains a section that repeals 15-30-2110, then [section 1] of Senate Bill No. 171 must be amended as follows:

"NEW SECTION. Section 1. Adjustments to federal taxable income to determine Montana taxable income. (1) The items in subsection (2) are added to and the items in subsection (3) are subtracted from federal taxable income to determine Montana taxable income.

(2) The following are added to federal taxable income:

(a) to the extent that it is not exempt from taxation by Montana under federal law, interest from obligations of a territory or another state or any political subdivision of a territory or another state and exempt-interest dividends attributable to that interest except to the extent already included in federal taxable income;

(b) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for a purpose other than an eligible medical expense or long-term care of the employee or account holder or a dependent of the employee or account holder;

(c) a nonqualified withdrawal from a family education savings account provided for in Title 15, chapter 62, to the extent that it was deducted from income in calculating Montana individual income taxes;

(d) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63, used for a purpose other than for eligible costs for the purchase of a single-family residence;

(e) an item of income, deduction, or expense to the extent that it was used to calculate federal taxable income if the item was also used to calculate a credit against a Montana income tax liability;

(f) a deduction or expense upon which a state tax credit is computed under 33-22-2006 to the extent that it was included as a deduction or expense in determining federal taxable income;

(g) a deduction for an income distribution from an estate or trust to a beneficiary that was included in the federal taxable

income of an estate or trust in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661; and

(h) for a taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the Internal Revenue Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction claimed, not to exceed the amount required to reduce the federal itemized amount computed under section 161 of the Internal Revenue Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under section 63(c) of the Internal Revenue Code, 26 U.S.C. 63(c).

(3) To the extent they are included as income or gain or not already excluded as a deduction or expense in determining federal taxable income, the following are subtracted from federal taxable income:

(a) if exempt from taxation by Montana under federal law:

(i) interest from obligations of the United States government and exempt-interest dividends attributable to that interest; and

(ii) railroad retirement benefits;

(b) salary received from the armed forces by residents who entered into active duty from Montana and are serving on active duty in the regular armed forces;

(c) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a medical care savings account provided for in Title 15, chapter 61, and any withdrawal for payment of eligible medical expenses or for the long-term care of the employee or account holder or a dependent of the employee or account holder;

(d) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a family education savings account provided for in Title 15, chapter 62, and any qualified withdrawal for payment of qualified higher education expenses;

(e) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a first-time home buyer savings account provided for in Title 15, chapter 63, and any withdrawal for payment of eligible costs for the first-time purchase of a single-family residence;

(f) a deduction for an income distribution from an estate or trust to a beneficiary in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to the additions and subtractions in subsections (2), ~~and (3)(a) through (3)(e), and (3)(g), and (3)(h); and~~

(g) for each taxpayer that has attained the age of 65, an additional subtraction of \$6,400; ~~and~~

(h) the amount of a scholarship to an eligible student by a student scholarship organization pursuant to [section 10 of Senate Bill No. 410].

(4) By November 1 of each year, the department shall multiply the subtraction from federal taxable income for a taxpayer that has attained the age of 65 contained in subsection

(3)(g) by the inflation factor for that tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must be used as the basis for the subtraction from federal taxable income determined under subsection (3)(g)."

Renumber: subsequent sections

- END -

Explanation - This amendment retains the exclusion from income for a scholarship that is contained in SB 410. Without this coordination, the exclusion in SB 410 will not be effective if SB 171 becomes law because SB 171 repeals the section that contains the exclusion (15-30-2110).

SENATE BILL NO. 171

INTRODUCED BY B. TUTVEDT, B. HOVEN

1
2
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING TAXATION OF INCOME, INCLUDING THE
5 CORPORATE ~~LICENSE~~ INCOME TAX; REQUIRING THE TAXATION OF INDIVIDUALS, PARTNERSHIPS, AND
6 SUBCHAPTER S. CORPORATIONS, INCLUDING TRUSTS AND ESTATES, TO RELATE THE STATE
7 INDIVIDUAL INCOME TAX TO FEDERAL TAXABLE INCOME; PROVIDING ADJUSTMENTS TO FEDERAL
8 TAXABLE INCOME TO INCLUDE CERTAIN INCOME; PROVIDING ADJUSTMENTS TO FEDERAL TAXABLE
9 INCOME TO EXCLUDE CERTAIN INCOME; ELIMINATING MOST INDIVIDUAL INCOME TAX DEDUCTIONS;
10 ELIMINATING CERTAIN INDIVIDUAL INCOME TAX CREDITS; REVISING CERTAIN INDIVIDUAL INCOME TAX
11 CREDITS; ELIMINATING CERTAIN CORPORATE ~~LICENSE~~ INCOME TAX DEDUCTIONS AND CREDITS;
12 REVISING INDIVIDUAL INCOME TAX RATES SUBJECT TO A REDUCTION FOR NET CAPITAL GAIN
13 INCOME; LOWERING CORPORATE ~~LICENSE~~ INCOME TAX RATES; PROVIDING A TRANSITION FOR
14 CREDITS THAT ARE SUBJECT TO A CARRYFORWARD; PROVIDING A TRANSITION FOR DIFFERENCES
15 IN FEDERAL AND MONTANA INCOME TAX LAWS; REENACTING THE BIG SKY ON THE BIG SCREEN ACT
16 AND MAKING PERMANENT THE AVAILABILITY AND USE OF TAX CREDITS; PROMOTING THE MOTION
17 PICTURE AND TELEVISION INDUSTRIES AND RELATED MEDIA IN MONTANA BY PROVIDING TAX
18 INCENTIVES FOR FILMING AND FOR DEVELOPING MAGAZINE ADVERTISING IN MONTANA; ALLOWING
19 A PRODUCTION COMPANY A TAX CREDIT FOR EMPLOYING MONTANA RESIDENTS; ALLOWING A
20 PRODUCTION COMPANY A TAX CREDIT FOR QUALIFYING EXPENDITURES MADE IN MONTANA;
21 REQUIRING A PRODUCTION COMPANY TO APPLY TO THE DEPARTMENT OF COMMERCE FOR STATE
22 CERTIFICATION OF A PRODUCTION TO QUALIFY FOR THE TAX CREDITS; REQUIRING AN APPLICATION
23 AND AN APPLICATION FEE FOR A PRODUCTION COMPANY TO CLAIM TAX CREDITS FOR A
24 STATE-CERTIFIED PRODUCTION; REQUIRING THAT THE APPLICATION FEE BE USED FOR
25 ADMINISTERING THE TAX CREDITS; PROVIDING A STATUTORY APPROPRIATION; PROVIDING
26 RULEMAKING AUTHORITY; AMENDING SECTIONS 2-18-1312, 7-14-1133, 7-14-1636, 7-34-2416, 15-30-2101,
27 15-30-2102, 15-30-2103, 15-30-2104, 15-30-2113, 15-30-2151, 15-30-2153, 15-30-2328, 15-30-2329,
28 15-30-2337, 15-30-2341, 15-30-2501, 15-30-2512, 15-30-2602, 15-30-2605, 15-30-2606, 15-30-2618,
29 15-30-2364, 15-30-3003, 15-30-3004, 15-30-3005, 15-30-3312, 15-31-121, 15-31-125, 15-31-127, 15-31-131,
30 15-31-162, 15-32-104, 15-32-106, 15-61-202, 15-61-203, 15-62-208, 15-63-202, 17-7-502, 19-2-1004, 19-17-407,

1 19-18-612, 19-19-504, 19-20-706, 19-21-212, 33-22-2006, 33-27-101, 33-27-102, 33-27-103, 37-4-104, 53-2-211,
2 67-11-303, 70-9-803, 75-2-103, 75-5-103, 87-2-102, AND 87-2-105, MCA; REPEALING SECTIONS 7-21-3701,
3 7-21-3702, 7-21-3703, 7-21-3704, 7-21-3710, 7-21-3715, 15-30-2110, 15-30-2111, 15-30-2114, 15-30-2115,
4 15-30-2116, 15-30-2117, 15-30-2119, 15-30-2131, 15-30-2132, 15-30-2133, 15-30-2141, 15-30-2142,
5 15-30-2143, 15-30-2144, 15-30-2152, 15-30-2301, 15-30-2319, 15-30-2320, 15-30-2356, 15-31-124, 15-31-134,
6 15-31-137, 15-31-163, 15-31-172, 15-32-109, 15-32-115, 15-32-201, 15-32-202, 15-32-203, 15-32-301,
7 15-32-302, 15-32-303, 15-32-401, 15-32-402, 15-32-404, 15-32-405, 15-32-406, 15-32-407, 15-32-501,
8 15-32-502, 15-32-503, 15-32-504, 15-32-505, 15-32-506, 15-32-507, 15-32-508, 15-32-509, 15-32-510,
9 ~~15-32-601, 15-32-602, 15-32-603, 15-32-604, 15-32-609, 15-32-610, 15-32-611,~~ 15-32-701, 15-32-702,
10 15-32-703, 15-62-207, AND 33-2-724, MCA; AND PROVIDING A ~~DELAYED EFFECTIVE DATE~~ EFFECTIVE
11 DATES AND AN APPLICABILITY DATE DATES."

12

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14

15 NEW SECTION. **Section 1. Adjustments to federal taxable income to determine Montana taxable**
16 **income.** (1) The items in subsection (2) are added to and the items in subsection (3) are subtracted from federal
17 taxable income to determine Montana taxable income.

18 (2) The following are added to federal taxable income:

19 (a) to the extent that it is not exempt from taxation by Montana under federal law, interest from
20 obligations of a territory or another state or any political subdivision of a territory or another state and
21 exempt-interest dividends attributable to that interest except to the extent already included in federal taxable
22 income;

23 (b) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for a
24 purpose other than an eligible medical expense or long-term care of the employee or account holder or a
25 dependent of the employee or account holder;

26 (c) a nonqualified withdrawal from a family education savings account provided for in Title 15, chapter
27 62, to the extent that it was deducted from income in calculating Montana individual income taxes;

28 (d) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63, used
29 for a purpose other than for eligible costs for the purchase of a single-family residence;

30 (e) an item of income, deduction, or expense to the extent that it was used to calculate federal taxable

1 income if the item was also used to calculate a credit against a Montana income tax liability;

2 (f) a deduction or expense upon which a state tax credit is computed under 33-22-2006 to the extent that
3 it was included as a deduction or expense in determining federal taxable income;

4 (g) a deduction for an income distribution from an estate or trust to a beneficiary that was included in the
5 federal taxable income of an estate or trust in accordance with sections 651 and 661 of the Internal Revenue
6 Code, 26 U.S.C. 651 and 661; and

7 (h) for a taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the Internal Revenue
8 Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction claimed, not to exceed
9 the amount required to reduce the federal itemized amount computed under section 161 of the Internal Revenue
10 Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under section 63(c) of the
11 Internal Revenue Code, 26 U.S.C. 63(c).

12 (3) To the extent they are included as income or gain or not already excluded as a deduction or expense
13 in determining federal taxable income, the following are subtracted from federal taxable income:

14 (a) if exempt from taxation by Montana under federal law:

15 (i) interest from obligations of the United States government and exempt-interest dividends attributable
16 to that interest; and

17 (ii) railroad retirement benefits;

18 (b) salary received from the armed forces by residents who entered into active duty from Montana and
19 are serving on active duty in the regular armed forces;

20 (c) interest and other income related to contributions that were made prior to January 1, 2016, that are
21 retained in a medical care savings account provided for in Title 15, chapter 61, and any withdrawal for payment
22 of eligible medical expenses or for the long-term care of the employee or account holder or a dependent of the
23 employee or account holder;

24 (d) interest and other income related to contributions that were made prior to January 1, 2016, that are
25 retained in a family education savings account provided for in Title 15, chapter 62, and any qualified withdrawal
26 for payment of qualified higher education expenses;

27 (e) interest and other income related to contributions that were made prior to January 1, 2016, that are
28 retained in a first-time home buyer savings account provided for in Title 15, chapter 63, and any withdrawal for
29 payment of eligible costs for the first-time purchase of a single-family residence;

30 (f) a deduction for an income distribution from an estate or trust to a beneficiary in accordance with

1 sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to the
2 additions and subtractions in subsections (2) and (3)(a) through (3)(e) and (3)(g); and

3 (g) for each taxpayer that has attained the age of 65, an additional subtraction of \$6,400.

4 (4) By November 1 of each year, the department shall multiply the subtraction from federal taxable
5 income for a taxpayer that has attained the age of 65 contained in subsection (3)(g) by the inflation factor for that
6 tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must be
7 used as the basis for the subtraction from federal taxable income determined under subsection (3)(g).

8

9 NEW SECTION. SECTION 2. SHORT TITLE. [SECTIONS 2 THROUGH 11] MAY BE CITED AS THE "BIG SKY ON THE
10 BIG SCREEN ACT".

11

12 NEW SECTION. SECTION 3. PURPOSE. (1) THE PURPOSES OF [SECTIONS 2 THROUGH 11] ARE TO ENHANCE
13 MONTANA'S ECONOMY BY REVITALIZING AND EXPANDING THE MOTION PICTURE AND TELEVISION INDUSTRIES AND RELATED
14 MEDIA IN MONTANA AND TO PROMOTE THE GROWTH OF SMALL BUSINESSES. THE OBJECTIVES OF [SECTIONS 2 THROUGH
15 11] ARE TO:

16 (A) RENEW INTEREST IN MONTANA AS A PREMIER LOCATION FOR THE PRODUCTION OF MOTION PICTURES,
17 DOCUMENTARIES, TELEVISION PROGRAMS AND COMMERCIALS, AND MAGAZINE ADVERTISING;

18 (B) ENCOURAGE THE CREATION OF JOBS THAT PAY WELL FOR MONTANA WORKERS AND UNIVERSITY GRADUATES;

19 (C) ENHANCE THE GROWTH OF MONTANA BUSINESSES THAT PROVIDE GOODS AND SERVICES FOR THESE TYPES
20 OF PRODUCTIONS; AND

21 (D) HELP PROMOTE THE TOURISM INDUSTRY IN MONTANA.

22 (2) THE OBJECTIVES IN SUBSECTION (1) WILL BEST BE ACHIEVED BY OFFERING TAX INCENTIVES TO PRODUCTION
23 COMPANIES FOR HIRING MONTANA RESIDENTS AND FOR PURCHASING MONTANA GOODS AND SERVICES.

24

25 NEW SECTION. SECTION 4. DEFINITIONS. AS USED IN [SECTIONS 2 THROUGH 11], UNLESS THE CONTEXT
26 REQUIRES OTHERWISE, THE FOLLOWING DEFINITIONS APPLY:

27 (1) "COMPENSATION" MEANS SALARY, WAGES, OR OTHER COMPENSATION, INCLUDING RELATED BENEFITS PAID
28 TO A MONTANA RESIDENT.

29 (2) (A) "PRODUCTION" MEANS A NATIONALLY OR REGIONALLY DISTRIBUTED FEATURE-LENGTH FILM, SHORT FILM,
30 DOCUMENTARY, TELEVISION SERIES OR SEGMENT, TELEVISION PILOT, MAGAZINE ADVERTISING OTHER THAN ADVERTISING

1 (6) As used in this section, "recapturable withdrawal" means a withdrawal or distribution that is a
2 nonqualified withdrawal."

3
4 NEW SECTION. SECTION 78. INSTRUCTIONS TO CODE COMMISSIONER -- COORDINATION WITH REPEALED CODE

5 SECTIONS. THE CODE COMMISSIONER SHALL:

6 (1) STRIKE SUBSECTION OR CODE SECTION REFERENCES IN [SECTION 1 OF HOUSE BILL NO. 154] WHEN THE
7 SUBSECTION OR CODE SECTION REFERENCES RELATE TO TAX CREDITS THAT ARE REPEALED ON OR BEFORE JANUARY 1,
8 2016, IN [THIS ACT]; AND

9 (2) MAKE ANY CORRESPONDING CHANGES IN [HOUSE BILL NO. 154] TO REFLECT THE RENUMBERING.

10
11 NEW SECTION. Section 79. Severability. If a part of [this act] is invalid, all valid parts that are
12 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,
13 the part remains in effect in all valid applications that are severable from the invalid applications.

14
15 NEW SECTION. Section 80. Effective date. ~~This (1) EXCEPT AS PROVIDED IN SUBSECTION (2), [THIS act]~~
16 is effective January 1, 2016.

17 (2) [SECTIONS 2 THROUGH 11, 25, 26, 49, 71, AND 79 THROUGH 81] ARE EFFECTIVE ON PASSAGE AND
18 APPROVAL.

19
20 NEW SECTION. Section 81. Applicability --RETROACTIVE APPLICABILITY. ~~This (1) EXCEPT AS PROVIDED~~
21 IN SUBSECTION (2), [THIS act] applies to tax years beginning after December 31, 2015.

22 (2) [SECTIONS 2 THROUGH 11, 25, 26, AND 49] APPLY RETROACTIVELY, WITHIN THE MEANING OF 1-2-109, TO
23 TAX YEARS BEGINNING AFTER DECEMBER 31, 2014.

24 - END -